Arrest of Hawala Dealers in Delhi

†56. SHRIMATI SAVITA SHARDA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some Hawala Dealers have been arrested in Delhi and other parts of the country during the last three months;

(b) if so, the number thereof and whether any action has been taken against them so far; and

(c) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) to (c) One Hawala dealer has been arrested at Mumbai for contravention of Section 8, 9 and 18 of FERA, 1973 read with Sections 49(3) and 49(4) of FEMA, 1999.

Smuggling operations at Airports

57. SHRI DINA NATH MISHRA: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned "Foreign currency seized" dated 26th January, 2002 appearing in the "The Hindu" according to which new modes of smuggling operations are being evolved by the international smugglers at Indira Gandhi International Airport;

(b) if so, the steps taken for the prevention of such mode of smuggling; and

(c) the details of the steps taken for prevention of such cases on various domestic and International Airports after September 11, and December 13, 2001?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Yes, Sir.

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†Original notice of the question was received in Hindi.

(b) All field formations of the Customs Department including the Directorate of Revenue Intelligence (DRI) are alert to detect and prevent smuggling of foreign currency.

(c) All out efforts are being made to collect reliable and workable intelligence to unearth new modes of smuggling and to apprehend the smugglers. Surveillance in respect of sensitive flights has been stepped up. Staff is being trained to be aware of new *modus operandi* being used by the smugglers.

EU model of VAT

58. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are seriously thinking of adopting the EU model on application of VAT in the country;

(b) if so, the details of such model;

(c) in what manner it would help the country; and

(d) the reasons for postponing the introduction of VAT at State-level by one year?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) to (c)The States and Union Territories have decided to replace the existing sales tax system with a Value Added Tax (VAT) system. To facilitate operation of State level VAT system, some reforms in the existing Central Sales Tax Act have become necessary. The National Institute of Public Finance and Policy (NIPFP) was asked by the Government to study the reforms of inter-State taxation for the Indian Union. Many existing models like the Canadian model, Brazilian model and the European Union model have been reviewed by the NIPFP. NIPFP has suggested that to establish a common market within India, the basic features of the VAT system in the European Community, like free movement of goods, capital and manpower across the